

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Study Session

August 6, 2001
6:00 p.m.

Council Conference Room
Bellevue, Washington

PRESENT: Mayor Mosher, Deputy Mayor Marshall, Councilmembers Davidson, Degginger, Lee, and Noble

ABSENT: Councilmember Creighton

1. Call to Order

Deputy Mayor Marshall opened the meeting at 6:03 p.m. and announced recess to executive session for approximately 20 minutes to discuss one item of potential litigation. The study session resumed at 6:23 p.m. with Mayor Mosher presiding.

2. Study Session

(a) Meydenbauer Center Finance Update

Councilmember Lee, Council liaison to the Bellevue Convention Center Authority (BCCA) Board, is pleased with the sound management of Meydenbauer Center and its role as an economic engine in the community. He introduced BCCA Board Chair Clare Nordquist, Meydenbauer Center Executive Director Stacy Graven, and Finance Director John Marchione.

Mr. Nordquist distributed copies of the Meydenbauer Center 2000 Annual Report and described the BCCA Board's membership. He said the mission of Meydenbauer Center is to be an outstanding event and performing arts center that generates community pride, creates economic stimulation, and provides exceptional guest satisfaction. The center has generated \$150 million in economic impact to the community since it opened eight years ago. Mr. Nordquist said there is a need for more hotels in Bellevue. He noted that the economic impact of the center declined slightly in 2000, in part due to the fact that hotels were full and their rates were often too high to attract convention business.

Ms. Graven provided additional details on Meydenbauer Center's operations. She explained that many past conventions booked by the center have become too large for the existing facility. Attendance is expected to increase this year and the center is working to attract "high impact" events that will generate attendance as well as food and beverage sales. Ms. Graven said The

Theatre at Meydenbauer Center was completed in 1997 and its programming has increased significantly in the past two years. She said 92 percent of residents surveyed indicated they are aware of Meydenbauer Center, 55 percent are aware of the theatre, 91 percent said they value the center in Bellevue, and 55 percent have attended a meeting there. She noted that 68 percent of those surveyed are in favor of expanding the convention center.

Mr. Marchione said Meydenbauer Center is financially self-sufficient through user/rental fees and hotel/motel tax revenues. Reserve funds are in place as well as a 30-year capital replacement plan. The number of events increased in 2001 after the decline in 2000, and current revenues are nine percent higher than they were for the same period last year.

In response to Mr. Noble, Mr. Marchione said reserve levels increase each year. In further response, Ms. Graven said the carpet in Meydenbauer Center is currently being replaced and additional items such as new paint and acoustical wall treatments will be completed soon.

In response to Mr. Degginger, Mr. Marchione said all hotel/motel tax revenues are dedicated to Meydenbauer Center. Collections totaled \$4.6 million last year. In response to Dr. Davidson, Ms. Graven said convention business is not expected to rebound fully until more hotel rooms are available and room rates start to decrease. In response to Mr. Degginger, Ms. Graven said the decline in convention business has led Meydenbauer Center to pursue corporate meetings, dinners, and events.

(b) Performing Arts Center Decision Process

City Manager Steve Sarkozy requested Council discussion regarding how to proceed with the development of a performing arts center.

Planning and Community Development Director Matt Terry described staff's recommended approach to evaluate alternatives for a performing arts center including the following three proposals heard previously by Council: public/private partnership on the City-owned Metro site, Mike Tuckman's proposal to develop a performing arts center in conjunction with a privately financed sports arena, and Kemper Freeman's proposed development adjacent to Bellevue Place. Staff recommends the establishment of a Citizen Advisory Committee (CAC) to evaluate the proposals and provide a report to City Council.

Mr. Lee is in favor of creating a CAC. However, he would be reluctant to spend taxpayers' money and time unless the proposed performing arts center will be a public facility with a first-class theatre. In response to Mr. Lee, Mr. Terry said staff's recommendation is that the CAC begin meeting in September and report to Council by the end of 90 days. He said all three of the proposals received so far involve some component of public financing.

In response to Mayor Mosher, Mr. Terry said Mr. Freeman's proposal recommends the creation of a nonprofit corporation that would own and operate the facility, which would insulate the City from any ongoing liability for capital or operating costs.

In response to Mr. Degginger, Mr. Terry said the overall question for the CAC is: Which proposal, if any, accomplishes the City's interest in building a performing arts facility?

Dr. Davidson proposed an alternate approach utilizing a series of public hearings rather than a CAC, in order to expedite the process.

Deputy Mayor Marshall feels the CAC is a good idea as it will allow citizens with relevant expertise and knowledge to provide substantial input into the process. She expressed support for staff's recommendation.

- ➡ Mrs. Marshall moved to direct the Mayor to appoint a Citizen Advisory Committee from the stakeholder groups discussed (Bellevue Arts Commission, BCCA Board, facility users, business leaders, patrons, and residents) for the purpose of conducting an evaluation of which proposal, if any, accomplishes the City's interests in the development of a performing arts center. Mr. Noble seconded the motion.

Dr. Davidson is in favor of a private/public partnership and the creation of a nonprofit organization to operate a performing arts center.

Mr. Degginger and Mr. Noble expressed support for the motion. Mr. Lee recommended that the CAC analyze alternatives other than just the three proposals presented to Council so far.

- ➡ The motion to direct the Mayor to appoint a Citizen Advisory Committee from the stakeholder groups discussed (Bellevue Arts Commission, BCCA Board, facility users, business leaders, patrons, and residents) for the purpose of conducting an evaluation of which proposal, if any, accomplishes the City's interests in the development of a performing arts center carried by a vote of 5-1, with Dr. Davidson dissenting.

(c) Master Planning of King County Metro Site

Mr. Sarkozy said King County Metro has identified their site located near Meydenbauer Center as surplus property. King County has approached the City of Bellevue about its desire to acquire the property.

Mr. Terry noted that the Metro property is one of the alternatives under consideration for the siting of a performing arts center. Other potential uses discussed in the past for this site include parking facilities, a public safety facility, and transit-oriented development. Mr. Terry said staff recommends hiring a consultant to conduct a comprehensive evaluation of alternate uses for the site.

Mrs. Marshall said it is important that the consultant's charge not prejudice or prioritize any one option or use. She sees the site as an opportunity to enhance and complement the uses at Meydenbauer Center. She said the consultant should evaluate the whole site including potential underground facilities. Mr. Degginger agreed that the consultant's evaluation should be approached with an objective and open mind-set.

Dr. Davidson noted King County's current budget shortfall as possible motivation for selling the site. He feels it could be an important Metro transit asset in the future.

- Mr. Noble moved to proceed with selecting a consultant to evaluate alternative uses for the Metro site near Meydenbauer Center, and Mrs. Marshall seconded the motion.
- The motion to proceed with selecting a consultant to evaluate alternative uses for the Metro site near Meydenbauer Center carried by a vote of 6-0.

(d) Bellevue Land Use Code Special Dedication

Mr. Terry asked Council to consider initiating a Land Use Code amendment that would alter the way the City acquires right-of-way. One method for acquiring right-of-way is known as the Special Dedication Procedure, which allows the City to accept gifts of right-of-way in exchange for a development credit. He said the procedure has never actually been used in the nine years since it was added to the Land Use Code, primarily because it specifies area-wide rather than project-specific dedications. Mr. Terry said the procedure is considered to be too cumbersome and complex by developers.

Mr. Terry said staff proposes an amendment that would allow property owners in the downtown to dedicate right-of-way to the City for necessary Capital Investment Program (CIP) projects and retain their development intensity without being required to initiate an area-wide dedication. He suggested that Council initiate the code change process and direct the Planning Commission to review the proposal, hold a public hearing, and report back to Council.

Mrs. Marshall feels this is consistent with the City's recent partnership along 140th Avenue in which residents agreed to donate portions of their property to enable the City to construct a sound wall.

- Mrs. Marshall moved to direct staff to initiate the Land Use Code change process and a review of the Special Dedication Procedure, and Mr. Degginger seconded the motion.

In response to Mr. Lee, Mr. Terry said the Planning Commission typically considers staff's proposal along with a variety of other options. Following a review and the public hearing process, the Commission will submit a recommendation to City Council.

- The motion to direct staff to initiate the Land Use Code change process and a review of the Special Dedication Procedure carried by a vote of 6-0.

(e) Discussion of 156th Roadway Improvements

Transportation Assistant Director David Berg said the original design for the 156th Roadway Improvements project included sidewalks and street trees throughout the entire corridor. Staff developed a revised design late last year to balance construction and right-of-way cost increases. Mr. Berg said the original design will require the acquisition of 21 properties while the revised design requires the acquisition of 10 properties. Construction is scheduled to begin in the spring

of 2002 and to be completed by that fall. Mr. Berg said expenditures to date total \$584,000 for design and \$312,000 for right-of-way acquisition. A budget shortfall of \$780,000 is currently projected for the original design.

Responding to a question previously submitted by Council, Mr. Berg said the project was initiated in 1997 with a consultant agreement to develop a design and project scope. A steering committee was involved in the design/scoping process and the consultant then developed plans, specifications, and estimates in a contract package that was adopted by Council in February 1999. Staff is currently requesting approval of Supplement 1 to the contract for \$76,000.

Mr. Berg compared the original and revised designs. The original design specifies the installation of 62 street trees, while the revised design calls for five new street trees. To accommodate plans for a wider sidewalk, 43 mature trees would be removed under the original design. The revised design does not remove any mature trees. In terms of landscaping, the original design allocates \$324,000 and the revised design allocates nearly \$160,000.

Mr. Berg said staff's revised design developed late last year was reviewed by the Transportation Commission in February 2001. At the Commission's direction, the stakeholder group reconvened in March to discuss the revised design. In late April, the Transportation Commission voted 6-1 in favor of revising the design to stay within the project budget.

Mr. Berg displayed maps and photographs to review design alternatives for each section of the 156th Avenue corridor. He noted that Council action on this project is requested during the regular session later in the evening.

Councilmember Noble thanked staff for the presentation, which gives him a better understanding of the revised design. He is in favor of retaining the mature trees where possible. He is still unclear as to why the scaling back of the project scope necessitates additional consultant costs of \$76,000.

Mr. Berg explained that the money is needed to complete design work for either the original or revised design. Adoption of the revised design will require a reengineering of design elements including the sprinkler systems. Right-of-way acquisitions also need to be completed.

Mr. Degginger expressed concern that the City is spending \$600,000 to design a \$4 million project. Mr. Berg commented that it is difficult to estimate a project budget years in advance, particularly when a stakeholders group becomes involved in identifying project elements at a later stage. He said approximately 20 to 25 percent of a typical project budget is allocated to design work.

Mrs. Marshall discussed the aesthetic elements and amenities incorporated into the recent Newport Way and Richards Road projects. She commented on the multifamily housing along 156th Avenue and Council's responsibility to advocate neighborhood-oriented amenities for these residents. She said all neighborhoods should be treated equally and consistently. She feels wide sidewalks are needed to accommodate pedestrian activity in the Crossroads area. In light of tonight's presentation, Mrs. Marshall prefers retaining mature trees rather than removing them

and adding smaller street trees. Mrs. Marshall expressed concern with the request for approval of Supplement 1 and potential subsequent cost increases. She is also concerned about the amount of time that elapses between the involvement of stakeholders and citizens in the design process and ultimate construction of a project.

Mayor Mosher suggested varying sidewalk widths and landscaping along the corridor to retain mature trees where possible and remove them in other areas if necessary to provide wider sidewalks. He discussed the importance of creating a streetscape that is both visually appealing and safe for pedestrians.

Dr. Davidson noted that road improvements in Downtown Bellevue along 4th, 8th and 10th Streets are funded by property owners through a Local Improvement District arrangement. He spoke in favor of Mr. Mosher's suggestion for a composite approach to the project design for 156th Avenue.

Mr. Lee expressed support for a composite design approach as well and encouraged staff to take another look at the overall design. Mr. Berg explained that delays at this point to produce a hybrid design will ultimately delay construction.

Mayor Mosher said Council will have the opportunity for additional discussion of this item under Agenda Item 11(a) of the regular session.

At 8:05 p.m., Mayor Mosher declared recess to the regular session.

Myrna L. Basich
City Clerk

kaw